

FEDERAL BUREAU OF INVESTIGATION

REPORTING OFFICE PHILADELPHIA	OFFICE OF ORIGIN BUREAU	DATE 2/21/89	INVESTIGATIVE PERIOD 2/17/89
TITLE OF CASE LAWRENCE SIDNEY EAGLEBURGER		REPORT MADE BY SA [REDACTED]	TYPED BY pgs
SSR CLASS SRC'D SER REG		CHARACTER OF CASE SPIN (A) b6 b7C	

REFERENCE

Bureau airtel (fascimile) to WMFO and Philadelphia, 2/27/89;
Philadelphia inserts (fascimile) to Bureau, 2/21/89.

-RUC-

ADMINISTRATIVE

Where appropriate, Privacy Act (e) (3) data was furnished to persons interviewed. Express promises of confidentiality, both limited and unlimited, have been noted where granted.

X

APPROVED WK6/μ	SPECIAL AGENT IN CHARGE	DO NOT WRITE IN SPACES BELOW	
COPIES MADE:		161-4125-162	
2 - Bureau (Attention: [REDACTED] Room: 4371)		6 AUG 23 1990	
1 - Philadelphia (161A-4927) (SQ 11)			
CC DESTROYED			
Dissemination Record of Attached Report		Notations	
Agency		6/2/89	
Request Recd.			
Date Fwd.			
How Fwd.			
By			

COVER PAGE

**UNITED STATES DEPARTMENT OF JUSTICE
Federal Bureau of Investigation**

Copy to:

Report of:

SA [REDACTED]

PHILADELPHIA,
PENNSYLVANIA

Date:

FEBRUARY 22, 1989

Office:

Field Office File #:

161A-4927

Bureau File #:

Title:

LAWRENCE SIDNEY EAGLEBURGER

Character:

SPIN (A)

Synopsis:

INTERNAL REVENUE SERVICE (IRS) contacted and advised LSB BANK OF NEW YORK investigation is under FEDERAL GRAND JURY scrutiny and that any disclosure of information is prohibited by law. Assistant United States Attorneys (AUSA's) [REDACTED] and [REDACTED] were interviewed regarding SIDNEY EAGLEBURGER and the LSB BANK OF NEW YORK investigation.

-RUC-

Investigation and interviews at Philadelphia were conducted by Special Agents (SA's) [REDACTED] and [REDACTED]

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WEA:aw

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On February 17, 1989 [redacted] Supervisory Manager, INTERNAL REVENUE SERVICE (IRS) Philadelphia, Pennsylvania, advised Special Agent (SA [redacted]) is the case agent for the LSB BANK of New York investigation. [redacted] advised [redacted] was not in the office today and he is the most knowledgeable and logical one to contact concerning questions about the case. [redacted] was advised of the questions that would be posed to SA [redacted] and [redacted] stated that SA [redacted] would not be at liberty to answer them for the FEDERAL BUREAU OF INVESTIGATION (FBI). [redacted] explained that the investigation is under Federal Grand Jury scrutiny and that any disclosure of information is prohibited by law. [redacted] further advised that IRS regulations also prohibited disclosure. [redacted] stated that Assistant United States Attorney (AUSA) [redacted] should be interviewed as the logical contact for any disclosure of information about the case.

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MISCELLANEOUS

On February 17, 1989, Assistant United States Attorneys (AUSAs), [] and [] Eastern District of Pennsylvania, Philadelphia, Pennsylvania, were contacted regarding LAWRENCE SIDNEY EAGLEBURGER and the LSB BANK OF NEW YORK INVESTIGATION. [] and [] provided the following answers regarding the investigation and LAWRENCE SIDNEY EAGLEBURGER:

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1) [] and [] concurred with EAGLEBURGER's opinion on the summary of Attachment D except neither AUSA recalled anyone from the LSB BANK or their counsel making any inquiries regarding EAGLEBURGER.

2) [] and [] advised EAGLEBURGER's name has not come up in any manner in the investigation. As to "should" his name come up, [] and [] advised the answer is no at the present time. As to "could" his name come up, [] and [] could not answer.

3) [] and [] advised the investigation is not complete except for prosecution as the investigation is ongoing for the purpose of gathering evidence that will be used to supercede the indictments and to attempt to cover allegations of possible espionage in this matter, however, the AUSAs do not anticipate any charges being brought against anyone at this point.

4) [] and [] advised that based on the facts as known, EAGLEBURGER could not be held legally (criminally) accountable for any of the money laundering activity since he was a Director at the time. [] and [] advised that neither of them have the expertise to make a judgment as to a director's civil liability.

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5) [] and [] advised that assuming EAGLEBURGER had no knowledge of the money laundering scheme until the indictments occurred, he could not still be held legally (criminally) accountable. As to EAGLEBURGER being held legally (civilly) accountable, [] and [] advised that neither of them had the expertise to make a judgment as to a director's civil liability.

6) [] and [] advised that assuming EAGLEBURGER had knowledge of the money laundering scheme but did not participate, he could not be held legally (criminally) accountable because mere knowledge is not enough criminally. [] and [] could not make a comment as to whether EAGLEBURGER could be held legally (civilly) accountable due to not having the expertise to make such judgment regarding a director's civil liability.

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MISCELLANEOUS

On February 17, 1989, [] Special Agent (SA), UNITED STATES CUSTOMS SERVICE, 2nd and Chestnut Street, Philadelphia, Pennsylvania, advised that LAWRENCE SIDNEY EAGLEBURGER's name has not come up in any manner in the LSB BANK of New York investigation. [] could not answer the question as to whether EAGLEBURGER's name could or should come up in the investigation. [] further advised the investigation is still ongoing in an effort to gather additional evidence and at this point there is no one else to be charged to his knowledge, aside from those already charged.

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**DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
INTERNAL ROUTING/ACTION SLIP**

TO	TL#	ROOM	NAME/TITLE	TO	TL#	ROOM	NAME/TITLE
	233	5012	MR. [REDACTED]		233	5012	MRS. [REDACTED]
	231	3012	MR. [REDACTED]		233	5012	MRS. [REDACTED]
	233	5012	MR. [REDACTED]		233	5155	MS. [REDACTED]
	231	3012	MR. [REDACTED]		233	5155	MS. [REDACTED]
	231	3028	MR. [REDACTED]				
	231	3149	MR. [REDACTED]		233	5121	ADMINISTRATIVE UNIT
	233	5155	MR. [REDACTED]				ATTN:
	233	5030	MR. [REDACTED]		245	7240	CONGRESSIONAL AFFAIRS
	243	5222	MR. [REDACTED]		244	6236	CORRESPONDENCE UNIT
	231	3823	MR. [REDACTED]		244	6437	INFORMATION DESK
	231	3042	MR. [REDACTED]		152	18327	MAIL ROOM
	233	5078	MR. [REDACTED]		233	5171	NIGHT DUTY OFFICE
	233	5078	MR. [REDACTED]		244	6248	READING ROOM
					225	4654	SERVICE UNIT
	233	5155	MR. [REDACTED]		244	6247	TELETYPE ROOM
	233	5131	MR. [REDACTED]		153	1262	VOUCHER UNIT
	114	4371	MR. [REDACTED]				
	114	4383	MR. [REDACTED]				
	114	4383	MRS. [REDACTED]				
	233	5131	MR. [REDACTED]				
	114	4371	MR. [REDACTED]				
	114	4371	MR. [REDACTED]				
	233	5131	MR. [REDACTED]		121	4989	MS. [REDACTED]
	233	5131	MR. [REDACTED]		342	112628	MRS. [REDACTED]
	114	4371	MR. [REDACTED]				
	114	4383	MR. [REDACTED]				
	114	4383	MR. [REDACTED]				
	233	5131	MR. [REDACTED]				

ALL INFORMATION CONTAINED

HEREIN IS UNCLASSIFIED

DATE 08-10-2011 BY 60324 UC/BAW/SAB/DF

ADVISE AGENTS/PERSONNEL

- ☐ Call Me
☐ See Me
☐ Approp. Action
☐ Initial
☐ For Inquiry

- ☐ For Your Info.
☐ Note & Return
☐ Record & Return
☐ See Reverse Side

Remarks:

PLEASE FILE

AMBUSH

RIGHTS AND SPECIAL INQUIRY SECTION
 CRIMINAL INVESTIGATIVE DIVISION

Room 4371 TL# 114 Page 4 Date 8-22-90

FBI/DOJ

MEMORANDUM

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-10-2011 BY 60324 UC/BAW/SAB/DF



CLASS
SRC'D
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To : DIRECTOR, FBI
(ATTN: [redacted] ROOM 4371)

From : SAC, WMFO (161A-HQ-4723) (RUC)

Date March 7, 1989

Subject : LAWRENCE SIDNEY EAGLEBURGER
SPIN (A)
BUDED: PAST)

[Handwritten signature]
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RE: Telephone call from [redacted] Security
Analyst, Executive Intelligence Review, to SA [redacted]
on approximately March 1 or 2, 1989, regarding appointee.

Enclosed for the Bureau is the cover page and body
of an article, prepared by [redacted] and forwarded to WMFO,
concerning possible "conflicts of interest" concerns by [redacted].
This is being forwarded to FBIHQ for your review and possible
investigative leads. UACB, WMFO will continue to carry this
case in an RUC status.

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6 AUG 22 1990

[Handwritten signature]

1 - Bureau (161-4723)
1 - WMFO (161A-HQ-4723)

ail RR 2:30
3/16/89

March 3, 1989

Executive
Intelligence Review
203 Meadows Lane
Leesburg, VA 22075

Washington Metropolitan Field Office
Federal Bureau of Investigation
1900 Half Street, SW
Washington, D.C. 20535
Attn: [redacted]

Reference: Eagleburger Background Check

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Dear Sir:

Special Agent [redacted] instructed me to mail this to your office marked attention: [redacted]. I understand that Special Agent [redacted] handled the Eagleburger background check for his Senate confirmation hearings, which has been officially closed.

The material I include here represents what I consider to be a major conflict-of-interest, namely on the issue of expanded East-West trade. Several of Mr. Eagleburger's clients at Kissinger Associates are in the forefront of this issue. The enclosed material is summary of their activities that is based largely upon public sources of information.

I should be glad to answer any questions you may have as to the sources for the enclosed fact sheet and draft article. It may also interest you to know that I have tentatively scheduled an interview with Mr. [redacted] the indicted chairman of the LBS Bank in New York, which Mr. Eagleburger had also been a board member of until his nomination was secured.

You may reach me either by writing care of the above address or else by calling: [redacted] (home) and (703) [redacted] (office). Thank you for your cooperation.

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Sincerely yours,

[redacted]
Security Analyst

Enclosures: Fact Sheet & Article on Eagleburger

[89-09-2/SMT001]:RPT:L: [89/02/27]
STAND: [0.1.00/][1.1.00/][4.3.00/]
SUBJT: [3.1.23/][4.3.23/][. . /]
TOPIC: [230.240 :KISSINGER WATCH]
SUB-T: [130.300 :TRUST FILE]

[12:]SECURITY GENL REPORTS [2]
[13:]SECURITY SPECIAL PROJECTS
[40:]GEN COMMUNICA
[:]

TITLE: [KISS_CONFLICT_ON_EAST-WEST_TRADE]

1 of

Pages

Note: 0

SYNOPSIS:

TO:

BY: [REDACTED]

RE: HENRY KISSINGER. LAWRENCE EAGLEBURGER. EAST-WEST TRADE.
2 INSTITUTE FOR EAST-WEST SECURITY STUDIES. JACKSON-VANIK
3 AMENDMENT. MONTEDISION. PETROCHEMICAL. CHEMICAL WARFARE. MIDLAND
4 BANK OF THE UK. FIAT. ASEA BROWN BOVERI. HIGH TEMPERATURE
5 REACTOR. KAMA RIVER PLANT. TOGLIATTI PLANT. CENTALYN-B GRINDER.
6 MIRV MISSILES. CHASE MANHATTAN BANK. [REDACTED] US-USSR
7 JOINT COMMERCIAL COMMISSION. US-USSR TRADE AND ECONOMIC COUNCIL.
8 USTEC.

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- FACT SHEET ON EAGLEBURGER AND EAST-WEST TRADE: -
- A MAJOR CONFLICT OF INTEREST -

1.0 Eagleburger on East-West Trade Policy -

While Lawrence Eagleburger is busy negotiating the countries from which he must recuse himself for a period of time, because he had clients in those countries through his role as president of Kissinger Associates, there is an entire issue from which Eagleburger should recuse himself because of a major conflict-of-interest, namely the issue of East-West trade and credits. The policy that Eagleburger would likely pursue in this area is spelled out in a study for the Institute for East-West Security Studies released in October, 1987, entitled <How Should America Respond to Gorbachev's Challenge? A Report of the Task Force on Soviet New Thinking>, which was co-chaired by [REDACTED] of Harvard University and [REDACTED] of Cargill, Inc. Lawrence Eagleburger was a member of this Task Force, and he signed off on its findings.

On page 25 of the section entitled "Western Interests and Policy Responses," the report notes: "3. The International Economy--Gorbachev has placed special emphasis on reducing Soviet autarky by increasing trade, joint ventures, and expressing an interest in cooperating with such major international economic organizations as GATT." The report states that a proper policy response from the West would involve recognizing "the possibility of a qualitatively new level of East-West economic contacts." On the question of credits--including apparently untied loans that have been much criticized--the report concludes: "It is thus a mistake for Western governments to prevent the USSR from receiving private credits at commercial rates." On the question of joint ventures, the report concludes: "The same holds true for any realistic joint venture policy, which will have to meet rigorous market requirements if it is to succeed: relevant prices (to avoid

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ENCLOSURE

dumping charges), adequate repatriation of capital, and opening up the Soviet market to joint venture products." Finally, it states: "Such a policy, based upon expanding Soviet-Western trade on the basis of market value, would tend to complicate Soviet decision-making on both resource allocation and policy toward the West and introduce factors for restraint into the Soviet policy process."

Specific recommendations include:

(1) "Western governments, in collaboration with the private sector, should welcome the Soviet effort to develop the legal foundation for a system of equitable joint ventures. Key sectors for such collaboration include: energy, equipment, machinery, transport, communications, agricultural technology, and financial services."

(2) "While Western governments should not subsidize credits, neither should they oppose the extension of private credit at commercial rates."

(3) "...The West should give consideration to granting the USSR observer status in GATT and possibly in the International Monetary Fund."

(4) "If the Soviet Union demonstrates heightened respect for human rights, the U.S. government and Congress should consider bringing their policy into congruence with U.S. allies by reevaluating the Jackson-Vanik and Stevenson amendments restricting trade and credit to the USSR. The West should aim to normalize the framework for trade with all Warsaw Treaty countries, on the basis of mutual and reciprocal interests."

(5) "The U.S.-Soviet umbrella agreements on scientific and technological cooperation should be revived and expanded, possibly in connection with the next summit meeting, on the basis of full reciprocity."

In the press coverage of the task force report, spokesmen for the Institute especially stressed the potential for repeal of the Jackson-Vanik amendment and granting of Most-Favored Nation status, based upon recent increases in Jewish emigration, which, is only one of the concerns, if the Helsinki Accord approach is taken into account. It is also notable that there is no mention whatsoever of an issue that has drawn increasing concern among a bipartisan coalition in Congress--namely, the issue of untied lending--except to say that private lending should not be restricted by Western governments in anyway whatsoever.

2.0 Involvement of Eagleburger's Clients in East-West Trade

There is a direct conflict-of-interest that arises for Eagleburger in the area of East-West trade and credits, that is based upon the major activity of his clients at Kissinger Associates in the forefront of this area. A review of the projects in which Eagleburger's own clients are involved, would include:

2.1 Montedison S.p.A.

This Italian firm is part of a consortium that is studying the feasibility of the largest joint venture to be undertaken to

date in the USSR, since Gorbachev raised the possibility of joint ventures. This is a petrochemical project to exploit the Tengiz field of sour oil and gas near the Caspian Sea, which, the Central Intelligence Agency in a 1986 report singled out as one of the large pre-Caspian depression fields that would be difficult to develop on schedule without substantial amounts of Western technology and equipment. Heretofore, the United States has sought to restrict the sale of modern oil and natural gas equipment from the West at a time when Soviet growth rates of production have slowed and there has been a dramatic decrease in hard currency income from oil and natural gas, which is one of the Soviet Union's four major export commodities upon which it must earn the hard currency to fund its empire--e.g. the estimated \$5 billion annual payments to Cuba.

In November, 1987, the CIA's prediction came true, when the Soviets signed a memorandum of intent with Armand Hammer's Occidental Petroleum and with Montedison to form a joint venture to develop and operate the Tengiz petrochemical complex in the Ural region northeast of the Caspian Sea. Japan's Marubeni Corp. agreed to join the venture, and Montedison is busy soliciting participation of other Italian firms, including possibly Ente Nazionale Idrocarburi (ENIChem S.p.A.) The complex is planned to use natural gas liquids and sulfur from Tengiz as feedstock to produce 500,000 tons/year each of polyethylene and polypropylene and 1 million tons/year of fertilizer grade sulfur. Also to be produced will be various polymers, copolymers, and composites. Under the tentative agreement, at least 50% of the products from Tengiz plants will be exploited. The rest will be sold in the Soviet Union.

In March, 1988, a protocol was signed with the Soviet Ministry of Oil Industry and the four firms (Montedison S.p.A., Oxy Pete, Marbeni, and ENIChem S.p.A.), which stated the intent to develop and operate a petrochemical complex that would be the largest joint venture yet between international companies and the Soviet Union. Signing the protocol in Moscow were Minister V.A. Dinkov for the Ministry of Oil and Industry; Dr. [redacted] of Occidental; Dr. [redacted], chairman of Montedison; [redacted] chairman of Marubeni; and, Dr. [redacted] chairman of Enichem, subsidiary of ENI Group. the protocol provides for a feasibility study of the entire project.

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Eagleburger's client, Montedison, has a long history of building petrochemical facilities within the Soviet Union. On June 17, 1988, apart from the above-mentioned joint venture, TASS reported that "a broad range of questions pertaining to the development of cooperation between the USSR and Italy in the chemical industry was discussed during today's meeting between [redacted] deputy chairman of the USSR Council of Ministers, and [redacted] vice president of the Montedison firm. The sides examined some results of the operation of a joint Soviet-Italian venture and proposals on establishing new joint ventures and discussed Montedison's possibilities of participation in retooling operating chemical facilities in the USSR. [redacted] described the results of a meeting of the Italian-Soviet working group on chemistry, petrochemistry, mineral fertilizers, pharmaceuticals and relevant

machine-building, which ended in Moscow."

A spokesman for the Pentagon stated unequivocally, when questioned about the above meeting, that such activities might well benefit Soviet chemical warfare capabilities by adding new processes, machine-tools, and so forth for the development of the Soviet chemical warfare fighting capability. The sole reservation of the Pentagon expert was that given the Soviet's awesome capability of existing stockpiles, any such added capacity might be "superfluous." Scientific and medical experts questioned about the proposed joint venture of Montedison with Oxy stated that the process for producing the plastic products publicly listed is similar to that for the production of phosgene gas and other nerve gases, although [redacted] of Occidental Petroleum dismissed this concern as "ridiculous," because the products would be definitely for "household use." Mr. [redacted] however, refused to answer questions about whether new petrochemical processing methods would be supplied to the USSR or whether any of those processes might assist in chemical warfare production, as the scientists contacted in compiling this report believed to be possibly the case.

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2.2 ASEA Brown Boveri

Another Eagleburger client is ASEA Brown Boveri (ABB), which is associated with the Swedish Wallenberg interests. ABB was formed by a merger in 1987 of the Swiss firm Brown Boveri & Cie and Sweden's ASEA. The German subsidiary of ABB in Mannheim signed an agreement with the Soviet State Committee for Utilization of Atomic Energy for building a 200-Mw unit with a high-temperature reactor (HTR) at Dimitrovgrad, 680 miles east of Moscow, by 1996. It would cost more than \$560 million. Planning and licensing arrangements have started, aiming for construction to start in 1991. The German consortium would receive about 40% of the project's cost. Also involved in the consortium with ABB is Kraftwerk Union AG, the nuclear power plant division of Siemens AG. The version of HTR reactor to be built in the USSR is in advance of designs being built in West Germany. It is possible, although ABB is confident, that the project will be blocked by the Coordinating Committee for Multilateral Export Controls (Cocom), the 16-nation group of Western countries and Japan that reviews delivery of sensitive technology to the Eastern Bloc. If it is approved, this would be the first sale ever of a nuclear reactor to the Soviets, who have had notorious problems in building safe reactors (Cf. Chernobyl). While the German group expects criticism from Washington, its spokesman stated: "So far no project has failed because of Cocom."

2.3 Midland Bank of the UK

Another Eagleburger client is Midland Bank of the UK, which is the fourth-largest commercial bank in Britain. Starting in December, 1987, Midland Bank was the lead bank with three others, which took part in a conference organized by the British Invisible Exports Council, that were oriented toward credits for trade and joint ventures with the USSR. The other banks involved were Barclays,

Lloyds, and National Westminster. Also participating was [redacted] chairman of the Moscow Narodny Bank in London. The four British banks signed a protocol which involves financing joint economic ventures with the Soviet Foreign Trade Bank, during the two days of talks in Moscow. In addition to financing Soviet joint ventures and trade, there would be financial training given some 1,500 Soviets in Western banking practices. The British team also included senior executives of the Morgan Grenfell group, N.M. Rothschild and Sons, Ernst and Whinney and the Bank of England.

One year later, in October, 1988, the deputy chairman of Midland Bank, Sir [redacted], told a news conference that it was the lead agency in a consortium of British banks, which agreed to provide a line-of-credit to the USSR worth \$1.74 billion. Eighty-five percent of the credit line would be backed by the British government's Export Credits Guarantee Department. Other banks involved are the London-based Moscow Narodny Bank Ltd., Barclays, Lloyd's Bank, National Westminster, Bank of Scotland and Morgan Grenfell Group. Sir [redacted] added that the purpose of the credit line would be to modernize the Soviet light industry sector.

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2.4 Fiat S.p.A.

Fiat has a long history of involvement in the USSR. Fiat chairman [redacted] has been a member of the International Advisory Board of Chase Manhattan, which was chaired by Henry Kissinger after he left the post of Secretary of State. Chase Manhattan is another client of Kissinger Associates--although not directly Eagleburger's--whose involvement in East-West trade will be discussed in another section of this fact sheet.

Between 1968 and 1971, as part of Kissinger's "Detente I," Fiat built the Volgograd automobile plant ("Togliatti plant"), which had a capacity of 600,000 vehicles per year: half of annual Soviet automobile production. It produces the Fiat-124, which is exported as the "Lada." Three-quarters of the equipment, including the key transfer lines and automatics came from the United States. A Soviet expert for Science Applications International in Tysons Corner, has studied the plant. He stated that the Soviets deliberately had Fiat redesign its suspension system, which could then be used as a model for Soviet tank production. Also, in 1976, Fiat's subsidiary Comau subcontracted for machine tools for nuclear energy components manufacturing plants. Comau's sales to the USSR for the period of 1969-1974 were worth \$100 million. Finally, the Fiat subsidiary Telettra in 1978 supplied telecommunications to build a network along the Trans-Siberian railway.

Eagleburger's client, Fiat S.p.A., is presently involved in negotiations for modernizing automobile production in the USSR. This would mean a doubling of Fiat production in the Soviet Union, according to Fiat chairman [redacted] who during an October, 1988 visit to Moscow said that he would be prepared to finance another monster plant on the Volga, with an investment of 3-4 billion rubles (\$5-6.5 billion). This would be a joint venture for the production of a million 1-liter cars per year. [redacted] stated that he was approached on the project by Soviet Prime Minister Nikolai Ryzhknov about

collaborating on a new car production venture. Fiat insiders confirmed that the likely model for production would be the Fiat Panda, but production of Fiat's new Topolino city car is another possibility to be produced by the Polish manufacturer FSM. In addition to the Soviet joint venture, Fiat will build a new plant and supply machinery for FSM to build the Topolino.

2.5 A.B. Volvo

This Swedish firm is believed to be in the process of exploring joint ventures with the USSR.

2.6 L.M. Ericsson AB

This Swedish firm has a long history of involvement in East-West trade, and it is believed to be exploring possible joint ventures with the USSR. In spring, 1984, a federal judge fined L.M. Ericsson's newly acquired subsidiary, Datasaab Contracting AB, a record \$3.12 for violating the Export Administration Act. Commerce Secretary Malcolm Baldrige had called the violation one of the most serious incidents of illegal transfer of U.S.-origin technology to the Soviet Union since imposition of export controls in 1949. Datasaab, represented by attorney [REDACTED] who was then on the President's Foreign Intelligence Advisory Board, pleaded nolo contendere to the charges. According to Justice, after the Soviet Union decided to look for help in developing an advanced radar system for three airports known as the Terminal and En-Route Control Automated System (TERCAS), Datasaab signed a contract in September 1975 for a system which included significant parts of U.S. origin. Datasaab broke one of the licensing agreements, and it concealed contrary to those agreements that it had already sent on December 14, 1976, the programming center and other equipment to the USSR. Despite having already sent the programming center to the USSR, Datasaab negotiated a license which had 10 restrictions, one of which was that a programming center could be authorized only for temporary export. The Reagan Administration said that equipment and software which Datasaab admitted it supplied enabled the Soviet Union to develop a sophisticated military air traffic control system. It is alleged that this violation would have gone unnoticed, had LM Ericsson, upon buying Datasaab, not discovered the violation and brought the information to the United States. The U.S. government said in court papers that executives of the Swedish firm smuggled primary circuit boards and other computer parts into the Soviet Union, allowing the USSR to upgrade a civilian radar system to one with military applications. The enhanced system increased the Soviet ability to defend itself against military aircraft and to coordinate air attacks of Western Europe, the court documents said. Datasaab was taken over by LM Ericsson of Stockholm in 1981, which is five years after the technological espionage occurred. Ericsson agreed to stop providing spare parts and service for the system to the Soviet Union. Around the same time that this complaint was being financed, LM Ericsson hired Henry Kissinger as a consultant, perhaps indicating a Kissinger role in the settlement.

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2.7 Union Carbide

In December, 1988, Union Carbide (UK) signed a contract with Neftecheiexport to buy \$10 million worth of ethanol a year.

The parent company of Union Carbide in the United States is also part of a major joint venture negotiation underway, which is led by the British-Soviet project, Asetco, which involves the engineering contractor John Brown (a Trafalgar House subsidiary), Morgan Grenfell & Co. Ltd, Moscow Narodny Bank Ltd, and two Soviet chemical manufacturing organizations. Asetco Ltd. is registered in Jersey, England. Asetco's main purpose is to modernise and expand two polyethylene plants at Budyennovsk and Kazan--originally built by John Brown in the 1970s--at an estimated cost of \$1.75 million. Morgan Grenfell and Moscow Narodny together have a 60 percent stake in the venture. Union Carbide is licensing its most up-to-date production technology (UNIPOL technology) to Asetco, and it will help with marketing. Production capacity at the plants will be more than doubled.

Again, questions are raised about whether any of these processes would assist Soviet chemical warfare capabilities.

3.0 Other Kissinger Associates Clients Involved in East-West Trade

3.1 Chase Manhattan Bank

Chase National was represented on the board of the American International Corporation at 120 Broadway, which was set up by a consortium of major Wall Street firms to conduct trade with, among other nations, the USSR where the Bolsheviks had just seized power. In his book based upon State Department documents in the National Archives, [redacted] wrote about the AIC in his book, <Wall Street and the Bolshevik Revolution>, that one [redacted] of that firm did the entirety of engineering projects for the Soviet First Five Year Plan, was involved in secret treaty negotiations with the Bolsheviks when they only controlled Leningrad and Moscow, and established the first "back-channel" to the Bolshevik high command through American communist [redacted]

Independently of the AIC, by 1926, Chase National functioned prior to FDR's recognition of the USSR as an unofficial Ex-Im Bank through a \$30 million revolving line of credit. Sutton also charges in his book <The Best Enemy Money Can Buy> that during the 1930s, Chase was stopped from exporting Liberty engines for the production of the Soviet T-34 tank. This revolving credit line made Chase the Soviets' leading lender.

During the height of Kissinger's "Detente I" on May 21, 1973, Chase was the first American bank in 50 years to open a branch in the USSR, when it opened an office at One Karl Marx Square.

[redacted] a patron of Henry Kissinger, had already been to the Soviet Union several times, starting with a 1964 visit when [redacted] met with Khrushchev. Records of that discussion show a great deal of interest on Khrushchev's part in the expansion

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of trade and credits as a basis for "peaceful coexistence." On his return, at the urging of White House National Security Adviser McGeorge Bundy, [] briefed President Johnson, who became quite interested in this issue. As Harvard's [] writes in <Red Carpet>: "From being a messenger between the two heads of state, [] swiftly became an apostle of East-West trade."

In 1972, [] joined Pepsico's [] and Oxy Pete's Armand Hammer in founding the U.S.-U.S.S.R. Trade and Economic Council (USTEC), which Henry Kissinger, then National Security Adviser to President Nixon, helped set in motion. Despite objections from President Nixon, [] was made an original member of the board. He has remained active with USTEC, despite such revelations as the State Department's <USSR Chamber of Commerce and Industry>, that a KGB Lt. Gen. (res.) by the name of [] is now openly on the board of USTEC, which he is believed to be using for purposes of technological espionage. b6 b7C

In the latest round of "Detente II," Chase has again taken a lead in East-West trade. On December 9, 1988, TASS announced that Chase Manhattan Bank would coordinate an effort by Soviet and American bankers in 1989 to determine: "What are the forms, allocations and legal foundations for financing joint Soviet-American ventures?" Working opposite Chase on this project is Vnesheknombank (USSR Bank for Foreign Economic Activities), which does business with nearly 100 American banks. Also, during the December visit of Mikhail Gorbachev to the United Nations, the Secretary General held a special breakfast meeting with [] to discuss this and other East-West trade issues on the morning of his urgent return to the USSR because of the earthquake in Armenia. [] had also met with Gorbachev one year earlier at the Soviet Embassy in Washington, accompanied by other U.S. business leaders such as [] then president of USTEC. [] then pressed Gorbachev to "internationalize" (make transferable) the ruble, which Gorbachev replied was important, but not imminent. b6 b7C

3.2 Shearson-Lehman AMEX

[] is notorious for the gold Amex card she employs for luxury purchases on travel abroad. Amex has opened two ATM's in Moscow, with plans for a network throughout the country. Approximately 30 percent of all tourist purchases in the USSR are made on Amex, which is recognized in over 600 Soviet tourist-trade, special shops. And, the list is growing. American Express does not have the problem of repatriation of profits since it automatically deducts its commissions on transactions before paying a business.

3.3 American International Group

This firm led by [] is a member of USTEC, the East-West trade chamber of commerce, otherwise employed by the KGB for technological espionage. It is presently seeking to be able to sell insurance in the USSR for joint ventures, among other purposes. It already has an extensive network of subsidiaries in Eastern Europe.

4.0 Firms Associated With Kissinger Associates Doing Trade in the USSR

4.1 Coudert Brothers

The law firm of Coudert Brothers announced in January, 1988, that it was opening an office in Moscow to be run by [redacted]. This move by Coudert Brothers was taken after the chairman of the firm's executive committee, [redacted] consulted directly with Henry Kissinger. "Kissinger confirmed that the conclusions we had reached were correct and rational," [redacted] told the "Legal Times." Anchoring the Washington end of its international venture, the firm turned to D.C. partner [redacted] the former U.S. ambassador to the Organization of American states who is best known for his Panama Canal treaty negotiations. While some of his partners were dealing with the Soviet bureaucracy, [redacted] lobbied his contacts at the State Department, Central Intelligence Agency, the Commerce Department, and the Office of the U.S. Trade Representative. Meanwhile, Coudert dispatched Paris partner [redacted] to Moscow.

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Preliminary public statements of Coudert Brothers' state that they will help escort Western firms through the shoals of the new joint venture law, which is constantly being changed to become more appetizing to the West. Several clients of Kissinger Associates have announced their intentions to use Coudert Brothers, including: Fiat USA, Inc., Montedison, Atlantic-Richfield. Another client is Armand Hammer's Occidental Petroleum, which is involved in the largest joint venture to date with Eagleburger's personal client, Montedison, to increase Soviet petrochemical capacity.

4.2 [redacted]

[redacted] is a Paris-based attorney and "wheeler-dealer" in East-West trade, whose chief patron is former French President Valerie Giscard d'Estaing, who is currently writing the trade section of a book to be released this April by the Trilateral Commission. Henry Kissinger is writing the arms control section of that book, which, is expected to advocate tremendous expansion of East-West trade and credits. [redacted] who in 1970 wrote <Coexistence and Commerce>, has dealt with Henry Kissinger, [redacted] and [redacted]. [redacted] Chase Manhattan, which is a client of Henry Kissinger, has employed [redacted] directly on East-West trade issues.

5.0 Henry Kissinger and the Trade Issue During "Detente I"

Harvard writer [redacted] in <Red Carpet> attributes the start of "Detente I"---in the technical sense---to Henry Kissinger's call in October, 1971 to Commerce Secretary Maurice Stans, giving approval for Stans to be the first cabinet officer to travel to Moscow, where Stans was to discuss expansion of trade between the U.S. and the USSR. Despite Kissinger's protestations in his memoirs that he was stampeded by businessmen eager for the untapped Soviet market, the record shows that Kissinger himself greatly encouraged

expanded trade and credits as the opening gambit of his "detente" strategy. One week after Maurice Stans' November, 1971 meeting with Premier Alexei Kosygin to discuss the issue, one hundred chairmen of international corporations arrived in Moscow for a trade conference. Both trips were orchestrated as a package.

Commerce Department documents show that the substance of Stans' visit was to negotiate: 1) a proposal for a US-USSR Joint Chamber of Commerce; 2) a proposal for science and technology agreement; 3) discussion of the extension of Most-Favored Nation status, availability of credits through the Ex-Im Bank, export control, and American participation in Soviet projects to develop Soviet natural resources; and, 4) a grain sales agreement.

All of these came into being with the exception of MFN status and Ex-Im Bank credits, which were withheld over Kissinger's strenuous objections, by the Jackson-Vanik amendment. By the May, 1972 Moscow Summit, where the main attraction was the treasonous SALT-ABM Treaty negotiated by Kissinger, there was also founded a Joint US-USSR Commercial Commission, which was to handle the Government-to-Government side of expanded trade, including trade in previously restricted areas such as energy development. Among the tasks given the Joint Commercial Commission (JCC) was to negotiate a settlement of the \$11.1 billion Lend-Lease assistance the U.S. gave the Soviet Union during World War II (that was crucial to the survival of the USSR after the Nazis broke the Hitler-Stalin Pact) for a sum of less than \$1 billion payment extended over 20 years.

Henry Kissinger was also, according to Congressional hearings, a central figure in the July 8, 1972, 3-year grain agreement. After the signing of this agreement, the Soviets made large, secret, unanticipated purchases which depleted U.S. reserves and led to the ballooning of prices: all of which the American citizen had to shoulder. Congressional hearings established that the Soviet purchases were known to Henry Kissinger, through his contacts with Continental Grain's chairman, who has since employed Kissinger Associates as his consultant. Kissinger kept this knowledge secret from the remainder of the government, including the U.S. intelligence community, which grossly misestimated the scope of the problem. Kissinger also cracked down upon the International Longshoremen's Union, employing former CPUSA secretary general [redacted] for this purpose, so that the Soviets could use their own ships to transport the grain, thereby making extra savings for the Soviets. This entire matter became known as "The Great Grain Robbery."

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Other, similar "deals" with which Kissinger was a leading figure, include:

*The Kama River Truck Factory. This was no simple case of "peaceful trade." Rather, the truck factory was to produce Soviet military transport trucks of the sort later used for the invasion and maintenance of Soviet forces in Afghanistan. Based upon Department of Commerce sources, "Human Events" in Dec., 1971, revealed that the military implications of the factory were taken into account when the export licenses were issued for Kama and a Kama River Purchasing Commission established in New York with U.S. Government approval. American taxpayers underwrote the project through the

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Finally, in June, 1973, Henry Kissinger, acting through Treasury Secretary George Shultz, launched the US-USSR Trade and Economic Council with Kissinger's patron, David Rockefeller on its board, over the objections of President Nixon. U.S. State Department documents, based upon declassified CIA studies, show USTEC quickly became penetrated by the KGB. Kissinger simultaneously tried to have his NSC aide, [redacted] a lifelong friend, appointed Assistant Treasury Secretary in charge of East-West trade agreements under "Detente I." But, [redacted] appointment was blocked, when it was revealed that [redacted] had been under surveillance of State Department security when he served at INR, because he was known to have leaked classified material to enemy agents and suspected of leaking such information as well to Henry Kissinger, who was then a professor at Harvard.

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STAND:[0.1.00/][1.1.00/][4.3.00/]
SUBJT:[2.1.23/][3.1.23/][/]
TOPIC:[230.240 :KISSINGER WATCH]
SUB-T:[130.300 :TRUST FILE]
TITLE:[EAGLEBURGER_TRADES_WITH_ENEMY]

[51:1]EIR [ENGLISH] [1]
[12:]SECURITY GENL REPORTS
[13:]SECURITY SPECIAL PROJECTS
[40:]GEN COMMUNICA

1 of Pages Note: 0

SYNOPSIS:

TO: BY: [REDACTED]
RE:KISSINGER ASSOCIATES. LAWRENCE EAGLEBURGER. MONTEDISON. LM
2 ERICSSON. ASEA BROWN BOVERI. MIDLAND BANK. BRITISH INVISIBLE
3 EXPORT COUNCIL. OCCIDENTAL PETROLEUM. CHEMICAL WARFARE. JOINT
4 VENTURE. [REDACTED] HENRY KISSINGER. INSTITUTE FOR
5 EAST-WEST SECURITY STUDIES. DETENTE. KAMA RIVER TRUCK FACTORY.
6 FIAT. TOGLIATTI PLANT. LBS BANK OF NEW YORK. LJUBLANSKA BANKA.
7 CENTALION-B GRINDER. MIRV.

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[+][j124][cc20][cmKissinger Associates:[q]
trading with the enemy[cm
by [REDACTED]

[j124][cc20][cm[cp23,24]Kissinger Associates:[q]
trading with the enemy[cm
by [REDACTED]:cm

[j124][cc20][cm[cp22,23]Kissinger Associates:[q]
trading with the enemy[cm
by [REDACTED]:cm

[j20][#]While Lawrence Eagleburger, president of Kissinger Associates, negotiates on how long he must recuse himself from dealings with a dozen countries, if he is confirmed in his nomination to the post of Deputy Secretary of State, there is an entire issue from which Eagleburger would have to recuse himself because of a major conflict of interest: the expansion of East-West trade and credits. Such expanded trade, starting with the dispatch of Commerce Secretary Maurice Stans to Moscow in November 1971 by Henry Kissinger, had been a cornerstone of the Kissinger-Nixon "D:aaetente I" period.

Now, there is a significant faction of pro-Soviet appeasers--such as [REDACTED] the recently retired president of the U. S. -U. S. S. R. Trade and Economic Council, which was founded by Kissinger and others in 1973--who openly espouse transforming the Soviet Union into an "economic superpower" during the period of the "I Love Gorb" gang's "D:aaetente II."

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Lawrence Eagleburger's clients at Kissinger Associates are now involved in negotiating multibillion-dollar joint ventures, trade deals, and loans, which, if they would not make the Soviet Union an "economic superpower," should at least help Gorbachov's

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ENCLOSURE

<perestroika> campaign, that was initiated by the Soviet military circles around [redacted] to carry out modernization of the Red Army and permit a drive for Soviet global domination.

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Several of the projects that Eagleburger's clients are involved with would, according to Pentagon sources, have "dual use." That is to say, they might have direct military applications contrary to their stated purpose, such as augmenting the Red Army's awesome chemical warfare capability. This should not be surprising to those who know about the maneuvers of Henry Kissinger during "Détente I," who signed off on the transfer of technology that built the Soviet trucks that mounted the 1979 Afghanistan invasion; that nearly permitted the creation of a Soviet surprise first-strike capability, when he gave the Soviets technology to MIRV their giant, land-based missiles, over Pentagon objections; and, that allowed the Soviets to stockpile grain for war at significant added expense to the American consumer in the 1972 "Great Grain Robbery."

- Eagleburger caught in the act -

The first sign that something was seriously wrong with Eagleburger's ties to East bloc trade came on Dec. 1, 1988, when U.S. Customs Commissioner William Von Raab announced the indictment and arrest of five individuals and the U.S. branch of a Yugoslavian bank on money-laundering charges, as part of a combined Customs-IRS "sting" codenamed "Operation Flying Kite." According to the Customs Service press release of that date, "The operation centered on the illegal international laundering of undercover government funds which the conspirators believed were owned by organized crime and were intended for use in the export of restricted high technology and implements of war."

Although he was not named as a co-conspirator, it eventually surfaced that Eagleburger was on the board of the indicted bank, LBS Bank of New York, whose chairman, [redacted] had allegedly "agreed that undercover funds would be converted into bank checks," then, after this was done for sums of \$50,000 and \$76,350 by Mr. [redacted] the bank chairman allegedly falsified the Currency Transaction Reports, which are the chief instrument of the Treasury Department to guard against such money laundering.

In an interview with <EIR,> [redacted] refused to divulge whether he had been the individual who coopted Eagleburger to the board of the LBS Bank, which was founded in 1986 as a wholly-owned subsidiary of the Ljubljanska Banka in Yugoslavia. But, he did acknowledge knowing Larry Eagleburger well. Eagleburger's bank not only faces a fine of \$500,000, but [redacted] faces a similar fine and five years imprisonment, if he is

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found guilty. Eagleburger has refused comment on the case, but it is notable that he did not resign his position on the bank until five weeks after the indictment, when his nomination as undersecretary of State was assured. 11

U.S. Commerce Department sources report that although Yugoslavia shares the same most-favored nation trading status with America as does Western Europe, there have been several instances of technological espionage where the product illegally obtained in the U.S. ended up in the possession of a Warsaw Pact country. Ljubljanska itself, the capital of a northern province, is a notorious center for smuggling operations that parallel the more infamous "Bulgarian Connection," of which Eagleburger, who virtually started his Foreign Service career in the American Legation in Yugoslavia and then returned to Yugoslavia during the Carter administration as U.S. ambassador, cannot claim ignorance. 11

During his position as Undersecretary for Policy in the beginning of the Reagan administration, Eagleburger frequently overrode objections from the Pentagon and other Executive branch agencies, to the general expansion of trade and credits to Yugoslavia by the United States. Sen. Jesse Helms (R-N.C.), the ranking minority member of the Senate Foreign Relations Committee, which will handle Eagleburger's nomination, has expressed a strong interest in probing just how far his knowledge of LBS Bank's alleged illegal activities went. 11

- On record to expand trade and credits -

Through his involvement with the New York-based Institute for East-West Security Studies, Eagleburger is already on record as favoring "the possibility of a qualitatively new level of East-West economic contacts." In October 1987, the institute released a report entitled "How Should America Respond to Gorbachov's Challenge?" which had been prepared by a task force including Eagleburger, whose co-chairmen were [redacted] of Harvard University (and the Dukakis campaign) and [redacted] of the Cargill Co., which does an annual multimillion-dollar business supplying the Soviets with the grain they cannot produce themselves. b6 b7C

Despite a growing bipartisan coalition in Congress, as epitomized by the Kemp-Roth Bill, which opposed growth of unrestricted trade and credits to the U.S.S.R., the institute's task force concluded: "It is thus a mistake for Western governments to prevent the U.S.S.R. from receiving private credits at commercial rates." The report goes on to endorse private credits, including especially "untied loans," which have been used by the Soviets to purchase advanced technology for modernizing their military, to fund KGB and GRU activities outside Russia, and to maintain the sinews of an empire

through Soviet hard currency loans to such countries as Cuba, Nicaragua, and Afghanistan. It was precisely such unrestricted forms of lending that the Kemp-Roth bill was designed to curb, but the Reagan administration--influenced by the appeasement INF treaty and [redacted] "regional matters" negotiations for a "global New Yalta"--would have none of it.

Even more alarming, the institute's report stated that "the U.S. government and Congress should consider bringing their policy into congruence with U.S. allies by reevaluating the Jackson-Vanik and Stevenson Amendments restricting trade and credit to the U.S.S.R. The West should aim to normalize the framework for trade with all Warsaw Treaty countries, on the basis of mutual and reciprocal interests." In the press statements accompanying release of the report, spokesmen for the institute specified that since emigration of Jewish refuseniks was increasing (last year it reached 20,000), the Jackson-Vanik Amendment should be abridged. Although the amendment was triggered by the Soviets' proposed tax on Jews seeking emigration, it has otherwise been consistently pegged to the sorts of human rights concerns more broadly addressed in the Helsinki Accords, not simply the question of Jewish emigration, which the amendment's authors thought should be at an annual rate more than twice what it is at present anyway.

Clearly, Eagleburger sides with those like [redacted] the chairman of Archer Daniels Midland and of the U.S.-U.S.S.R. Trade and Economic Council, who merely see the question of Jewish emigration as a convenient ruse for expanding their business with the U.S.S.R., just as [redacted] does now through massive grain sales to the Soviets despite their human rights record or war-winning military doctrine.

Perhaps one reason for Eagleburger signing off on this narrow interpretation of Jackson-Vanik is that, according to Britain's late Lord Harlech, Eagleburger's patron Henry Kissinger is part of a consortium that has been secretly buying land on the West Bank through Arab intermediaries, which would be used to build settlements for Jewish refuseniks, whom a faction in Israel would like to send to the occupied territories as cannon fodder in the Arab-Israeli conflict.

- Eagleburger's Warsaw Pact portfolio -

Eagleburger's top clients at Kissinger Associates are certainly not waiting for an improvement in the Soviet human rights record in their stampede for what they hope will be lucrative contracts with the U.S.S.R. The record of Eagleburger's clients includes:

;sb^<<Montedison S.p.A.>> This Italian chemical firm is involved in the largest joint venture undertaken by the West to date in the U.S.S.R., specifically designed to

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export the Western technology that the CIA stated in a 1986 report would be essential for Soviet exploitation of the Tengiz oil and gas field near the Caspian Sea. In March 1988, Montedison joined a consortium that signed a protocol with the Soviet Ministry of Oil and Industry, which stated the intent to develop and operate a petrochemical complex there. Montedison's joint venture partners in the \$6 billion project include: Soviet Trust agent Armand Hammer's Occidental Petroleum; Japan's Marubeni Corporation; and, the Italian firm of Ente Nazionale Idrocarburi (ENI S.p.A.). Presently, they are doing a feasibility study for a plant that would produce 500,000 tons a year each of polyethylene and polypropylene, as well as various polymers, co-polymers, and composites.

On June 17, 1988, according to TASS, the vice president of Eagleburger's client, Montedison, independently met with [redacted] deputy chairman of the U.S.S.R. Council of Ministers, to discuss "the operation of a joint Soviet-Italian venture and ... Montedison's possibilities of participation in retooling chemical operating facilities in the U.S.S.R." [redacted] of Montedison said that an Italian-Soviet working group would examine such possibilities for "chemistry, petrochemistry, mineral fertilizers, pharmaceuticals and relevant machine-building."

A spokesman for the Pentagon told <EIR> that the activities of Eagleburger's client, Montedison, might decidedly benefit Soviet chemical warfare fighting capabilities by adding new processes in areas that are parallel to the production of such nerve gas agents as phosgene. [redacted] the public affairs officer of Occidental Petroleum, called these charges "ridiculous," but he refused to answer followup questions submitted by <EIR>'s science editor, which explored the parallels between all petrochemical processes and the processes for the production of nerve gas. Also, Ashley would not entertain questions about how the supply of superphosphate that Occidental cornered in another \$20 billion barter deal with the Soviets signed during Kissinger's "Dissuade I" had put a lock on this product, which, military sources report, can be used for production of advanced explosives.

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[redacted] <<ASEA Brown Boveri.>> This Swedish client of Eagleburger's announced that in partnership with Germany's Kraftwerk Union AG, the nuclear power portion of Siemens AG, that it would seek to build a 200 megawatt high-temperature reactor (HTR) at Dimitrovgrad, 680 miles east of Moscow, by 1996, costing more than \$560 million. An agreement for this was signed with the Soviet State Committee for Utilization of Atomic Energy, and ASEA is presently seeking licenses to build what would be the first Western nuclear reactor in the U.S.S.R. ASEA is

presently confident that, despite expected objections from Washington, it can gain approval for the technology transfer from CoCom, the 16-nation group of Western countries and Japan that reviews delivery of sensitive technology to the Warsaw Pact and other countries. The HTR reactor would be in advance of any plant built in West Germany.

;sb^<<Midland Bank of the U.K.>> Another Eagleburger client is Midland Bank, the fourth-largest commercial bank in Britain, which in December 1987, took part with three other banks at a conference in Moscow organized by the British Invisible Export Council, which was oriented toward supplying credits for trade and joint ventures in the U.S.S.R. In October 1988, Midland's deputy chairman, Sir [redacted] told a news conference that his bank would take the lead in a consortium to provide a \$1.7 billion line of credit, which would be 85% backed by the British government. Midland's partners were Moscow Narodny Bank Ltd., Barclays, Lloyd's Bank, National Westminster, Bank of Scotland, and Morgan Grenfell.

;sb^<<Fiat S.p.A.>> Fiat chairman [redacted] has been on the International Advisory Board of Chase Manhattan Bank (a major financier of East-West trade dating back to the 1920s), whose chairman, upon his leaving public office, was Henry Kissinger. During Kissinger's "D;aaetente I," Fiat built the "Togliatti plant" in Volgograd, which produced 600,000 Fiat-124s (exported as the "Lada"), that amounted to half of all Soviet automobile capacity. A Soviet analyst at Science Applications International has charged that the Soviets had Fiat redesign its suspension system, so that it would be the model for modern Soviet tank systems. Also, during "D;aaetente I," Fiat's subsidiary Comau made \$100 million out of subcontracts for machine tools for nuclear energy components manufacturing plants.

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In October 1988, Fiat chairman [redacted] traveled to the U.S.S.R., where he announced that Soviet Prime Minister Nikolai Ryzhkov had asked that he modernize automobile production further. A new monster plant on the Volga, estimated to cost \$5-6.5 billion, is now being studied that would produce 1 million 1-liter cars per year. Like the Lada, these cars might be exported to Western Europe, undermining the local auto industry.

;sb^<<Union Carbide.>> In 1988, this Eagleburger client announced that it would sell polyethylene produced by a British-Soviet joint venture, Asetco, which would modernize and expand two plants at Budyennovsk and Kazan. Union Carbide is also licensing its most up-to-date production technology (Unipol) for the Soviet plant, which, again, might improve Soviet chemical warfare fighting capabilities. Financing for the project is to come from Moscow Narodny Bank Ltd. and Morgan Grenfell.

;sb^<<L.M. Ericsson.>> Datasab, a subsidiary of this

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CLASS
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Date: January 25, 1989

ROUTING SLIP

TO: WASHINGTON METROPOLITAN FIELD OFFICE
ATTN: SSA [REDACTED]

WMFO FILE : 161-3940

SUBJECT: LAWRENCE SIDNEY EAGLEBURGER
SPIN (A)
BUDED: 2/3/89

REFERENCE OPENING FACSIMILE DATED 01/24/89 AND TELCAL FROM PSS [REDACTED]
[REDACTED] SPIN UNIT, TO SSA [REDACTED] WMFO, 1/25/89.

Please provide the following information or take the following action on captioned matter.

FBIHQ has been informed that appointee is currently in Washington, D. C., with a listed work telephone number at the State Department.

LEAD: Conduct initial interview of appointee, following those instruction set out for New York in Re facsimile.

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161-4723-164

AUG 23 1990

Analyst [REDACTED], ext.2591, is handling this case in the SPIN Unit

[Handwritten signature]

2/17/89

TO: ☒ NAME SEARCHING UNIT, ROOM 4989, TL# 121
☒ ~~SERVICE UNIT, ROOM 4654, TL# 225~~
☒ FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

*****ALL INFORMATION CONTAINED
SCOPE OF SEARCH: HEREIN IS UNCLASSIFIED
DATE 08-10-2011 BY 60324 UC/BAW/SAB/DF

TYPE OF SEARCH REQUESTED:

SPECIAL INSTRUCTIONS: b6

X ALL VARIATIONS

DOB & POB: 12/12/1942
Localities: 12/12/1942

Prod.

DATE:

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FEDERAL BUREAU OF INVESTIGATION
Records/Operations Sections

2-15-89

TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
X SERVICE UNIT, ROOM 4654, TL# 225
X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

FROM: SPECIAL INQUIRY UNIT (SPIN)
[] ROOM 4371, TL# 114, EXT. 2591

SPECIAL
FEB 15 1989

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SCOPE OF SEARCH: HEREIN IS UNCLASSIFIED
DATE 08-10-2011 BY 60324 UC/BAW/SAB/DF

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X UNRESTRICTED (ADB & INACTIVE INDEX)

TYPE OF SEARCH REQUESTED:

X ALL REFERENCES (SECURITY & CRIMINAL)

SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: YUGOSLAV NATIONAL ARMY
AKA (s): JNA

DOB & POB:
Localities:

R# 129 Date 2/15/89 Searcher Initials vak
Prod.

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FEB 16 1989

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2-15-89

TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
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X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

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WHERE SHOWN OTHERWISE

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2-15-89

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X SERVICE UNIT, ROOM 4654, TL# 225
X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

FROM: SPECIAL INQUIRY UNIT (SPIN)
[REDACTED] ROOM 4371, TL# 114, EXT. 2591

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SCOPE OF SEARCH:

FEB 15 1989

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DATE: 08-10-2011

TYPE OF SEARCH REQUESTED:

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REASON: 1.4 (C)

DECLASSIFY ON: 08-10-2036

X ALL REFERENCES (SECURITY & CRIMINAL)

SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: SLOBODAN MILOSEVIC

AKA (s): *President of Beogradska Banja*

DOB & POB:
Localities:

R# 189 Date 2/15/89 Searcher Initials sak

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Numerous References
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ALL INFORMATION CONTAINED

X UNRESTRICTED (ADB & INACTIVE INDEX)

X ALL REFERENCES (SECURITY & CRIMINAL)

EXACT NAME ONLY (ON THE NOSE)

Subject: DR.
AKA (s):

DOB & POB:
Localities:

R# _____ Date 7/13 Searcher Initials JS

Prod. _____

UTD 161-

DATE:

ident adb inactive ref. date

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FEDERAL BUREAU OF INVESTIGATION
Records/Operations Sections

2-15-89

TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
X SERVICE UNIT, ROOM 4654, TL# 225
X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

FROM: SPECIAL INQUIRY UNIT (SPIN)
[REDACTED] ROOM 4371, TL# 114, EXT. 2591

SPECIAL b6
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SCOPE OF SEARCH:

FEB 15 1989

X UNRESTRICTED (ADB & INACTIVE INDEX)

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TYPE OF SEARCH REQUESTED: WHERE SHOWN OTHERWISE

DATE: 08-10-2011

X ALL REFERENCES (SECURITY & CRIMINAL) CLASSIFIED BY 60324 UC/BAW/SAB/DF
REASON: 1.4 (C)

***** DECLASSIFY ON: 08-10-2036

SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: [REDACTED]
AKA (s): [REDACTED]

DOB & POB:
Localities:

R# 129 Date 2/15/89 Searcher Initials BZ

Prod. 2

UTD 161-

DATE:

ident adb inactive ref. date

(S)	NR	[REDACTED]		✓		
	NR	100-346268-2501 #1		✓		
(S)	NR	[REDACTED]		✓	b1	
	NR	NR			✓	

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FEB 15 1989

**FEDERAL BUREAU OF INVESTIGATION
Records/Operations Sections**

2-15-89

TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
 X SERVICE UNIT, ROOM 4654, TL# 225
 X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

FROM: SPECIAL INQUIRY UNIT (SPIN)
 [] ROOM 4371, TL# 114, EXT. 2591

ALL INFORMATION CONTAINED

HEREIN IS UNCLASSIFIED

SCOPE OF SEARCH:

DATE 08-10-2011 BY 60324 UC/BAW/SAB/DF

X UNRESTRICTED (ADB & INACTIVE INDEX)

 TYPE OF SEARCH REQUESTED:

X ALL REFERENCES (SECURITY & CRIMINAL)

 SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: []
 AKA (s): []

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DOB & POB:
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R# _____ Date 2/15/89 Searcher Initials BZ

Prod. _____

UTD 161-

DATE:

ident adb inactive ref. date

	<i>NR</i>		✓		
			✓	✓	

**FEDERAL BUREAU OF INVESTIGATION
Records/Operations Sections**

2-15-89

TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
 X SERVICE UNIT, ROOM 4654, TL# 225
 X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

FROM: SPECIAL INQUIRY UNIT (SPIN)
 [] ROOM 4371, TL# 114, EXT. 2591

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SCOPE OF SEARCH:

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 DATE 08-10-2011 BY 60324 UC/BAW/SAB/DF

X ALL REFERENCES (SECURITY & CRIMINAL)

SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: LJUBLJANSKA BANK(A)
 AKA (s):

DOB & POB:
 Localities: CHICAGO, IL OR NEW YORK, NY

R# 177 Date 2/15/89 Searcher Initials BZ

Prod. _____

UTD 161-

DATE:

ident adb inactive ref. date

	<i>MC</i>		✓	✓	
<i>NP</i>	<i>Ljubljanska Banka (inc)</i>		✓		
	<i>64-175-272-238</i>				

FEB 16 1989

FEDERAL BUREAU OF INVESTIGATION
Records/Operations Sections

2-15-89

TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
X ~~SERVICE UNIT, ROOM 4654, TL# 225~~
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FROM: SPECIAL INQUIRY UNIT (SPIN)
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SCOPE OF SEARCH: b6 ALL INFORMATION CONTAINED
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DATE 08-10-2011 BY 60324 UC/BAW/SAB/DF

X UNRESTRICTED (ADB & INACTIVE INDEX)

TYPE OF SEARCH REQUESTED:

X ALL REFERENCES (SECURITY & CRIMINAL)

SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: GLOBAL MOTORS
AKA (s):

DOB & POB:
Localities:

R# 129 Date 2/15 Searcher Initials Jac

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UTD 161-

DATE:

ident adb inactive ref. date

26-0-64507			✓		
-64506			✓		
Global Motors					
NK				✓	

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FEDERAL BUREAU OF INVESTIGATION
Records/Operations Section

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TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
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X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

FROM: SPECIAL INQUIRY UNIT (SPIN) b6
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SCOPE OF SEARCH:

DATE: 08-10-2011
CLASSIFIED BY 60324 UC/BAW/SAB/DF
REASON: 1.4 (C)
DECLASSIFY ON: 08-10-2036

X UNRESTRICTED (ADB & INACTIVE INDEX)

TYPE OF SEARCH REQUESTED:

X ALL REFERENCES (SECURITY & CRIMINAL)

SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: HUMAN RIGHTS IN YUGOSLAVIA

AKA (s):

DOB & POB:

Localities: LOS ANGELES, CA

R# 129 Date 2/15 Searcher Initials JEC

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DATE:

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(S)	[REDACTED]			✓	
(S)	63-0-74869 ✓	b1	✓		
	[REDACTED]		✓		
	[REDACTED]		✓		
	IN Act				
	NR				
	(X) Human Rights			✓	
	NR			✓	

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FEB 16 1989

FEDERAL BUREAU OF INVESTIGATION
Records/Operations Section

2-15-89

TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
X ~~SERVICE UNIT, ROOM 4654, TL# 225~~
X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

SPECIAL
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FROM: SPECIAL INQUIRY UNIT (SPIN)
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SCOPE OF SEARCH: b6
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X UNRESTRICTED (ADB & INACTIVE INDEX)

***** ALL INFORMATION CONTAINED
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TYPE OF SEARCH REQUESTED: DATE 08-10-2011 BY 60324 UC/BAW/SAB/DF

X ALL REFERENCES (SECURITY & CRIMINAL)

SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: YUGO-AMERICA INC.

AKA (s):

DOB & POB:

Localities:

R# 129 Date 2/15 Searcher Initials Jec

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UTD 161-

DATE:

ident adb inactive ref. date

192-2028 sub		✓		
80-652-52 NK Pr		✓		
Yugo America Incorporated				
NK		✓	✓	
Yugo America Incorporated				
NK			✓	

FEB 16 1989
[Signature]

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FEDERAL BUREAU OF INVESTIGATION
Records/Operations Sections

2-15-89

TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
X SERVICE UNIT, ROOM 4654, TL# 225
X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

SPECIAL

FROM: SPECIAL INQUIRY UNIT (SPIN)
[REDACTED] ROOM 4371, TL# 114, EXT. 2591

FEB 15 1989

SCOPE OF SEARCH: b6 ALL INFORMATION CONTAINED
b7C HEREIN IS UNCLASSIFIED EXCEPT ***
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X UNRESTRICTED (ADB & INACTIVE INDEX), DATE: 08-10-2011
CLASSIFIED BY 60324 UC/BAW/SAB/DF
REASON: 1.4 (C)
TYPE OF SEARCH REQUESTED: DECLASSIFY ON: 08-10-2036

X ALL REFERENCES (SECURITY & CRIMINAL)

SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: [REDACTED]
AKA (s): [REDACTED]

DOB & POB:
Localities:

R# 128 Date 2/15 Searcher Initials gab/ab
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(S)	NP	[REDACTED]			✓	
					✓	
					✓	
					✓	b1
(S)	NP	[REDACTED]				
		[REDACTED]				
		[REDACTED]				
		[REDACTED]			✓	

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FEDERAL BUREAU OF INVESTIGATION
Records/Operations Section

2-15-89

TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
X SERVICE UNIT, ROOM 4654, TL# 225
X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

SPECIAL

FROM: SPECIAL INQUIRY UNIT (SPIN)
[REDACTED] ROOM 4371, TL# 114, EXT. 2591

FEB 16 1989

SCOPE OF SEARCH:

X UNRESTRICTED (ADB & INACTIVE INDEX)

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TYPE OF SEARCH REQUESTED:

X ALL REFERENCES (SECURITY & CRIMINAL)

DATE: 08-11-2011
CLASSIFIED BY 60324 UC/BAW/SAB/DF
REASON: 1.4 (C)
DECLASSIFY ON: 08-11-2036

SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: LBS BANK OF YUGOSLAVIA

AKA (s):

DOB & POB:

Localities: NEW YORK

R# 127 Date 2/15 Searcher Initials gab/ab

Prod. _____

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DATE:

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	<i>nm</i>		✓	✓	
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TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
X SERVICE UNIT, ROOM 4654, TL# 225
X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

FROM: SPECIAL INQUIRY UNIT (SPIN)
[REDACTED] ROOM 4371, TL# 114, EXT. 2591

DATE: 08-11-2011

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SCOPE OF SEARCH: REASON: 1.4 (C)

DECLASSIFY ON: 08-11-2036

X UNRESTRICTED (ADB & INACTIVE INDEX)

TYPE OF SEARCH REQUESTED:

X ALL REFERENCES (SECURITY & CRIMINAL)

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SPECIAL INSTRUCTIONS:

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Subject:

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Localities:

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Records/Operations Section

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HEREIN IS UNCLASSIFIED EXCEPT
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2-15-89

TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121
X SERVICE UNIT, ROOM 4654, TL# 225
X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

FROM: SPECIAL INQUIRY UNIT (SPIN)
[] ROOM 4371, TL# 114, EXT. 2591

FEB 15 1989

SCOPE OF SEARCH: DATE: 08-11-2011
CLASSIFIED BY 60324 UC/BAW/SAB/DF
REASON: 1.4 (C)
DECLASSIFY ON: 08-11-2036
X UNRESTRICTED (ADB & INACTIVE INDEX)

TYPE OF SEARCH REQUESTED:

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SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: []
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	<u>no</u>		✓	✓	
	[]				
	100-346268-1901 ep. 10		✓		
	100-347079-442 ep. 7		✓		
	[] (var.)				
	[]		b1	✓	
	[] (var.)				
	100-354170-1502			✓	

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Numerous References
Search Slip

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Subject

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Date

Searcher Initials

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Inactive

Date of
Ref M/Y

File Number

Serial

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White House
FEDERAL BUREAU OF INVESTIGATION
Records/Operations Section

2-15-89

TO: NAME SEARCHING UNIT, ROOM 4989, TL# 121

X ~~SERVICE UNIT, ROOM 4654, TL# 225~~

X ~~FORWARD TO FILE REVIEW, ROOM 5447, TL# 143~~

FROM: SPECIAL INQUIRY UNIT (SPIN)

ROOM 4371, TL# 114, EXT.

ALL INFORMATION CONTAINED
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WHERE SHOWN OTHERWISE

SCOPE OF SEARCH:

X UNRESTRICTED (ADB & INACTIVE INDEX)

DATE: 08-11-2011

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CLASSIFIED BY 60324 UC/BAW/b7C JF

*****REASON: 1.4 (C)

TYPE OF SEARCH REQUESTED:

DECLASSIFY ON: 08-11-2036

X ALL REFERENCES (SECURITY & CRIMINAL)

SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: CRVENA ZASTAVA

AKA (s): RED FLAG, RED STAR

DOB & POB:

Localities:

R#

Date

Searcher Initials

Prod.

UTD 161-

DATE:

ident adb inactive ref. date

	NK		✓	
	zastava. Crvena			
	NK		✓	
	Red Flag (AKA)			b1
			✓	
			✓	
			✓	
			✓	

(S)

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 Numerous References
 Search Slip

Page 2

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Subject Central ZastavaR# 1297Date 2/15Searcher Initials flga

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File Number Serial

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Date of
Ref M/YRed FlagAPR 1989

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-16110501Add Reg'nNot listed

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Zastava drop down
Cards for Clinton

Red Starnr

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Central Zastava
100-583515-2 p 28

Red Flagnr

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ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED EXCEPT
WHERE SHOWN OTHERWISE

FEDERAL BUREAU OF INVESTIGATION
Records/Operations Section

2/17/89

TO: ~~X~~ NAME SEARCHING UNIT, ROOM 4989, TL# 121
~~X~~ SERVICE UNIT, ROOM 4654, TL# 225
X FORWARD TO FILE REVIEW, ROOM 5447, TL# 143

FROM: SPECIAL INQUIRY UNIT (SPIN)
[REDACTED] ROOM 4371, TL# 114, EXT. 6944

***** DATE: 08-11-2011
SCOPE OF SEARCH: CLASSIFIED BY 60324 UC/BAW/SAB/DF
REASON: 1.4 (C)
X UNRESTRICTED (ADB & INACTIVE INDEX) DECLASSIFY ON: 08-11-2036

TYPE OF SEARCH REQUESTED:

X ALL REFERENCES (SECURITY & CRIMINAL)

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SPECIAL INSTRUCTIONS:

EXACT NAME ONLY (ON THE NOSE)

X ALL VARIATIONS

Subject: [REDACTED]
AKA (s): [REDACTED]

DOB & POB: [REDACTED]
Localities: [REDACTED]

R# [REDACTED] Date 2/17 Searcher Initials [REDACTED]
Prod. [REDACTED]

UTD 161-

DATE:

ident adb inactive ref. date

NR	100-346268-589			✓	
(S) N	[REDACTED]			✓	
	Bn/Wa			✓	
	[REDACTED]				b1
(S) NP	[REDACTED]			✓	
NP	-318			✓	

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FR UTD

Subject

R#

Date

Searcher Initials

Prod.

File Number	Serial	Ident	ADB	Inactive	Date of Ref M/Y
[Redacted]					
NR			✓		b6 b7C
[Redacted]					
NP NP NP	64-25441-272-8485 -8487 -8486				
[Redacted]					
NP	[Redacted]		✓		b1
(S)					
[Redacted]					
(S)	[Redacted]				
NP NP	62-75363-236-75 100-354170-25603		✓ ✓		
(S)	[Redacted]				b1
NP					

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CLAIBORNE PELL, RHODE ISLAND, CHAIRMAN

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DATE 08-11-2011 BY 60324 UC/BAW/SAB/DF

United States Senate

COMMITTEE ON FOREIGN RELATIONS

WASHINGTON, DC 20510-6225

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February 13, 1989

ASSIGNED TO: [redacted] (L I) b6 b7C

BUDED: 2/24

SUMMARY DATE: 3/1

CUFILE: 161-4723

The Honorable William Sessions
Director
Federal Bureau of Investigation
Washington, D.C. 20535

Dear Judge Sessions:

With regard to Mr. Lawrence Eagleburger's nomination to be Undersecretary of State, a number of issues with regard to his governmental and private activities remain unclarified. As I have discussed with Mr. Eagleburger, it is our interest to see that these matters are resolved.

In order to expedite the confirmation process for Mr. Eagleburger, I have enclosed a series of questions which center on Mr. Eagleburger's activities, both when he was with the U.S. Department of State, and while he was working in the private sector. I request that you address these issues specifically in your investigation.

If necessary, my staff will be ready to provide you any additional information with regard these issues.

Sincerely,

Jesse Helms

JESSE HELMS:dp

161-4723-166

6 AUG 23 1990

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FEB 15 1989

Questions Regarding Lawrence S. Eagleburger

Directors of LBS Bank--New York

1. Chairman/Director [] and President/Director []

[] held identical positions in the parent bank (Ljubljanska Banka) to those they held at the LBS Bank in New York. They were Foreign Trade Ministry officials of Yugoslavia. Mr [] was in charge of public relations with the West and was indicted on December 2, 1988, by the Philadelphia Grand Jury. In Communist countries individuals who hold such positions are frequently trusted members of the intelligence service.

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Is there any reference in FBI or CIA counter-intelligence files indicating those individuals are, or have been, possible operatives or agents of:

- 1) The Yugoslav State Security Administration;
- 2) The Romanian Securitate;
- 3) The KGB;
- 4) The GRU;
- 5) any other Soviet bloc intelligence service?

Have these individuals engaged, or are they now engaged in any espionage activities against the United States or any Western ally?

161-4723-166
ENCLOSURE

2. Also indicted was the Yugoslavian Counsel General in Chicago, [REDACTED]. He has been described by the Yugoslavian newspaper, DANAS, on December 13, 1988, as a top official of the Yugoslav internal security police. Is there any reference in FBI or CIA counter-intelligence files indicating that [REDACTED] is, or has been, a possible operative or agent of:

- 1) The Yugoslav State Security Administration;
- 2) The Romanian Securitate;
- 3) The KGB;
- 4) The GRU;
- 5) any other Soviet bloc intelligence service?

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3. What is the intelligence chain-of-command relationship between [REDACTED] and [REDACTED] if any?

4. In your ongoing counter-intelligence operations, has the FBI or the CIA investigated, or are you now investigating, any of the American sources of [REDACTED], or [REDACTED]

5. What has been the relationship between each of these three individuals and Lawrence S. Eagleburger? If there has been contact, does this contact, either wittingly or unwittingly, constitute a possible security risk?

6. Under the banking laws of New York, is Lawrence Eagleburger, as a Director of the LBS Bank, legally accountable for any of the money-laundering activities of the LBS Bank enumerated in the indictment by the Philadelphia Grand Jury? If not, why? Please cite the relevant New York banking laws.

Activities of [redacted]

1. The janitorial service firm owned and operated by [redacted] reportedly has been involved in U.S. national security violations. Is [redacted] a member of, has he any involvement in, or is there any reference in the FBI or CIA counter-intelligence files indicating he is a possible operative or agent of:

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- 1) The Yugoslav State Security Administration;
- 2) The Romanian Securitate;
- 3) The KGB;
- 4) The GRU;
- 5) any other Soviet bloc intelligence service.

2. Is [redacted] affiliated in any way with [redacted] What was the nature of their relationship?

3. In the course of Mr. Eagleburger's tenure as President of Yugo-America and Director of the LBS Bank, did he have

any contacts--direct or indirect--with either []

[] or []

4. During Mr. Eagleburger's service at Kissinger Associates Inc., did he have any contacts, directly or indirectly, with [] or []

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5. What connections, direct or indirect, did [] and his Texas janitorial service have with the LBS Bank in New York?

LBS Bank--New York

1. To what extent is the LBS Bank in New York a front for covert intelligence operations for:

- 1) The Yugoslav State Security Administration;
- 2) The Romanian Securitate;
- 3) The KGB;
- 4) The GRU;
- 5) any other Soviet bloc intelligence service?

2. Did the LBS Bank serve as a channel of funds to Yugoslavia and/or the Soviet Bloc for use in espionage and other illicit operations against the West?

3. Is the parent bank of LBS--the Ljubljanska Banka--which also has an office in New York City--a conduit for activities of:

- 1) The Yugoslav State Security Administration;
- 2) The Romanian Securitate;
- 3) The KGB;
- 4) The GRU;
- 5) any other Soviet bloc intelligence service.

4. Is there any reference in the FBI or CIA counter-intelligence files indicating that the directors, or other officers of the Ljubljanska Bank are, or were, possible operatives or agents of:

- 1) The Yugoslav State Security Administration;
- 2) The Romanian Securitate;
- 3) The KGB;
- 4) The GRU;
- 5) any other Soviet bloc intelligence service.

5. What is the explanation for the gross disparity between the net income of the calendar year 1987 (\$19,993.00) and the net income figure for the first five months of 1988 (\$200,000.00) of the LBS Bank? What taxes were paid relative to these figures? Do the bank records and cash flows for these months indicate involvement in criminal or covert activities?

6. Why, if in September of 1987, LBS had a liability account, due to other funds, had a final balance of \$74.3 million and in April 26, 1988, the same liability has a balance of \$77,600.00? Explain this disparity.

Global Motors and Its Activities

1. Is Global Motors an American Corporation? What percentage of the company is owned by Americans?
2. What exactly is the relationship between Global Motors and Yugo-America?
3. Who are the true owners of each corporation?
4. Is there reason to believe that the true owner of Yugo-America or Global Motors is Crvena Zastava (Red Flag) which is an entity within the Yugoslavian state arms industry?
5. Was there a special Yugoslavian bank set up in New York to handle the Yugo automobile funds? What is the name and address of the bank?
6. Who owns that bank?
7. Is Global Motors, or the bank, or both, controlled by the JNA (Yugoslavian military council which controls and administers the production levels of the Yugoslavian arms industry)?

Role and Activities of Lawrence Eagleburger

1. Under New York banking laws, it is legally possible that Mr. Eagleburger was not aware of the transactions enumerated in question five and six on page five and their origins?

2. What positions or relationships did Lawrence Eagleburger have with regard to all of the corporations and Yugoslavian entities (including the JNA) previously mentioned?

3. Before he accepted his corporate positions in the entities previously mentioned, and while he was in the service of the Department of State, did Mr. Eagleburger directly or indirectly enter into contact with any of these entities, or individuals, specifically : [redacted]

[redacted]
[redacted] and for what purposes?

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4. Does Mr. Eagleburger own any Yugoslavian real estate or has he participated in the acquisition of any stock issued by a Yugoslavian corporation or by a company controlled by the government apparatus of Yugoslavia?

5. As President of Kissinger Associates, Inc., did Mr. Eagleburger participate in the acquisition or maintenance of client relationships with Soviet Bloc countries? Did those

relationships involve any of the previously mentioned individuals?

6. What foreign entitlees has Mr. Eagleburger represented? Has he ever discussed-- directly or indirectly --client issues with any U.S. government official? If so, should such discussions warrant having to register as a foreign agent? Is the LBS bank a foreign entity for purposes of the Foreign Agents Registration Act?

7. During the period of Mr. Eagleburger's service in the Department of State, which Yugoslavian banks received loans from U.S. banks? Please list the U.S. banks that made the loans, the Yugoslavian banks that received the loans, the amounts of those loans, and the dates that the loans were received by the Yugoslavian banks or entities.

8. What was the role of Mr. Eagleburger in encouraging, facilitating or securing these loans?

9. Did any of the monies that made up these loans benefit Crvena Zastava directly or indirectly? Did any of the monies that made up these loans go to the industry or company or state entity that produces the Yugo automobile that is imported into the United States?

10. Was Mr. Eagleburger's appointment as a director of the LBS Bank a consequence of his former activity as a U.S.

official in encouraging or facilitating or securing any loans by American banks?

11. During Mr. Eagleburger's tenure at the Department of State, was he ever cited for security violations? If so, please list the date and circumstances of each incident.

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February 15, 1989

Director, FBI (161-4723)

SACs, Washington Metropolitan Field (161-3940)- Enc. (3)

LAWRENCE SIDNEY EAGLEBURGER
SPIN (A)
BUDED: 2/24/89

Enclosed for WMFO are a list of questions to be addressed by Mr. Eagleburger, a copy of documents forwarded to the SPIN Unit from the White House, and copy of a letter dated 2/13/89 from Senator Jesse Helms to Director Sessions which includes a list of issues the Senator would like addressed.

Based upon this additional information received in the SPIN Unit and upon a request from the White House, a limited inquiry is being initiated concerning appointee.

- LEADS:
- (1) Interview appointee as set forth on the attached pages.
 - (2) Review security file at Department of State to determine if any security violations are listed and/or any pertinent information is contained therein which was not previously reported to the SPIN Unit.
 - (3) Check the Foreign Agents Registration Office at DOJ.

Direct results to the attention of [redacted] (ext. 2591), SPIN Unit, Room 4371, by COB Buded.

WMFO copy forwarded BSM.

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161-4723-16
RETURN TO MR. [redacted] ROOM 4371

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MAIL ROOM ☐

6 AUG 22 1990

February 15, 1989

Set forth below are a series of questions to be asked of LAWRENCE EAGLEBURGER, who has been selected by President Bush to be Undersecretary of State. These questions are predicated upon a letter received from Senator Jesse Helms dated 2/13/89 and questions contained therein. A copy of the letter and questions are attached hereto. In addition, attached hereto are copies of documents that were provided to the SPIN Unit by the White House on 2/14/89. Mr. Eagleburger should not be provided a copy of Senator Helms' questions or of those set forth below. Should the SAs have any questions concerning this interview, please contact PSS [] ext. 2591, or SSA [] ext. 2568, SPIN UNIT, FBIHQ.

(1) Do you know, or have you had dealings/contacts with, personally or professionally, directly or indirectly, or in any capacity or manner, any of the following individuals:

(a) [] Chairman/Director, Ljubljanska Banka and/or LBS bank in New York, also a Foreign Trade Ministry official of Yugoslavia;

(b) [] President/ Director, Ljubljanska Banka and/or LBS bank in New York, also a Foreign Trade Ministry official of Yugoslavia;

(c) [] Yugoslavian Counsel General in Chicago, Illinois; b6
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(d) [] indicted along with [] and [] in a money laundering scheme also involving the LBS Bank, New York;

(e) Slobodan Milosevic, Serbia's Communist chief.

If the answer to Question 1 or any part thereof is yes, obtain complete details including nature and length of relationship, and last date of contact.

(2) Describe your association, relationship, position, etc. with and knowledge of the following:

(a) LBS Bank, New York, New York;

(b) Ljubljanska Banka, Chicago, Illinois or New York;

(c) Yugo-America;

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(d) Global Motors (determine if Global Motors was previously Yugo-America and/or if Yugo-America is/was a subsidiary of Global Motors);

(e) Crvena Zastava; AKA: Red Flag, Red Star;

(f) JNA (Yugoslav National Army);

(g) Kissinger Association, New York, New York.

(h) Daewoo Corporation;

(i) Energoprojekt, Belgrade, Yugoslavia

In discussing the above, determine what relationship, if any, those individuals listed in Question 1 had/have with the above-listed organizations.

(3) Information received from Senator Helms regarding the LBS Bank indicates the net income of the Bank for calendar year 1987 was \$19,993.00, while the net income for the first five months of 1988 was \$200,000. Is Mr. Eagleburger aware of the disparity? If so, obtain details. If not, should he have been in lieu of his position with the Bank?

(4) If in September, 1987, LBS had a liability account, due to other funds, which had a final balance of \$74.3 million, why in April, 1988, the same liability account had a balance of \$77,600? If Mr. Eagleburger is aware of the discrepancy and if so, obtain details. If not, should he have been in lieu of his position with the Bank?

(5) Regarding Global Motors, determine the following:

(a) Is Global Motors an American corporation? If so, in what state is it incorporated? Set appropriate lead to obtain Articles of Incorporation and/or other documents which would indicate officers, directors and owners for the last five years.

(b) Who owns Global Motors? Of the owners, indicate which are American and which are foreign, specifically Yugoslavian.

(c) Is or has Crvena Zastava, aka: Red Flag, Red Star, been an owner of Global Motors or Yugo-America.

(d) Was or is there a special Yugoslavian Bank set up in the United States to handle the Yugo automobile funds? If so, ascertain the name and address of that bank and names of the owners of that bank.

(e) Is or has Global Motors/Yugo-America or that bank been controlled by the JNA? If so, provide details.

(6) Does or has Mr. Eagleburger ever owned any real estate in Yugoslavia or has he participated in the acquisition of any stock issued by a Yugoslavian corporation or a company controlled by the government apparatus of Yugoslavia? If so, provide details regarding each.

(7) As President of Kissinger Associates, Inc., did Mr. Eagleburger participate in the acquisition or maintenance of client relationships with Soviet bloc countries?

(8) Has Mr. Eagleburger represented any foreign entities? If so, identify and obtain details, including whether he ever discussed, directly or indirectly, clients issues with any U. S. government officials. Regarding any foreign entity represented, was there registration compliance pursuant to the Foreign Agent Registration Act?

(9) During his period of service with the Department of State, did Mr. Eagleburger encourage, facilitate, or secure loans from U. S. banks for Yugoslavian banks? If so, obtain details to the extent possible.

(a) Does Mr. Eagleburger know if any of the monies that made up these loans have directly or indirectly benefited Crvena Zastava or if any of the monies have gone/go to the industry or company or state entity that produces the Yugo automobile? If so, obtain details.

(10) Did Mr. Eagleburger's former activity with the U. S. government in encouraging, facilitating or securing any loans by American banks contribute in any manner to his appointment as a director of the LBS Bank?

(11) During Mr. Eagleburger's tenure with the Department of State, was he ever cited for security violations? If so, obtain specifics, including date, locality and circumstances.

In addition to the above questions, insure that any logical follow-up questions are asked.

February 16, 1989

989 By Walter
2-16-89
agw

We have received your February 13, 1989, letter to Director Sessions requesting the FBI to specifically address a series of questions during our background investigation of Mr. Lawrence Eagleburger. A copy of your letter and its enclosures have been forwarded to the Honorable C. Boyden Gray, Counsel to the President, the White House.

Thank you for your letter.

FIC

1 - Honorable C. Boyden Gray - Enclosure
Counsel to the President
The White House
Washington, D.C.

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Honorable Jesse Helms

NOTE: Letter responds to enclosed letter of Senator Helms received 2/14/89. On 2/14/89, copy of Helms letter and questions hand carried to [REDACTED] Assistant to the Counsel to the President, The White House, for immediate transmittal to Mr. Gray. On 2/15/89, Unit Chief [REDACTED] Spin Unit, telephonically advised Mr. Gray of Senator Helms letter and questions, and that a copy was being hand carried to the White House for him.

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Enclosed herewith also are copies of documents provided by the White House to the Spin Unit on 2/14/89, which also relates to this matter.

Update background investigation of Eagleburger was completed and forwarded to the White House on 2/8/89. However, based upon above, Spin Unit is conducting a limited inquiry, the results of which will be furnished to the White House and not Senator Helms, in accordance with the FBI's current memorandum of understanding with the President.

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BY COURIER *2-17-89*

Honorable C. Boyden Gray
Counsel to the President
The White House
Washington, D.C.

Dear Mr. Gray:

Reference is made to my letter to Senator Jesse Helms,
Committee on Foreign Relations, dated February 16, 1989, concerning
Ambassador Lawrence Sidney Eagleburger, a copy of which has been
furnished to your office.

Based upon information received from Senator Helms,
the FBI has initiated a limited inquiry concerning
Ambassador Eagleburger. The results of the investigation will be
provided to your office upon completion and will supplement the
summary memorandum dated February 9, 1989, concerning
Ambassador Eagleburger.

Sincerely yours,

Fick
Floyd I. Clarke
Assistant Director
Criminal Investigative Division

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Exec AD LES _____
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6 AUG 22 1989

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FM FBI WASHINGTON METROPOLITAN FIELD OFFICE (161A-3940) (A-1) (P)

TO DIRECTOR, FBI (161-4723) /IMMEDIATE/

FBI, BALTIMORE (161-2169)/IMMEDIATE/

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U N C L A S

CITE: //3920//

SUBJECT: LAWRENCE SIDNEY EAGLEBURGER; SPIN (A); BUDED: 2/24/89.

REFERENCE BUREAU AIRTEL TO WMFO DATED 2/15/89, AND TELEPHONE
CALL TO SSA [REDACTED] BALTIMORE, 2/17/89 (NO COPY TO
BALTIMORE).

FOR THE INFORMATION OF BALTIMORE, WMFO RECEIVED A LIST OF
QUESTIONS TO BE ADDRESSED BY EAGLEBURGER, A COPY OF DOCUMENTS
FORWARDED TO THE SPIN UNIT FROM THE WHITE HOUSE, AND A COPY OF A
LETTER DATED 2/13/89 FROM SENATOR JESSEE HELMS TO DIRECTOR
SESSIONS WHICH INCLUDES A LIST OF ISSUES THE SENATOR WOULD LIKE

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PAGE TWO DE WM 0024 UNCLAS

ADDRESSED.

ONE OF THE QUESTIONS ASKED OF EAGLEBURGER DEALT WITH YUGO-AMERICA/GLOBAL MOTORS, AND WHETHER OR NOT IT WAS AN AMERICAN CORPORATION. FURTHERMORE, IF IT WAS DETERMINED TO BE AN AMERICAN CORPORATION, IN WHAT STATE WAS IT INCORPORATED. HEADQUARTERS REQUESTED THAT AN APPROPRIATE LEAD BE SET TO OBTAIN THE ARTICLES OF INCORPORATION AND/OR OTHER DOCUMENTS WHICH WOULD INDICATE OFFICERS, DIRECTORS, AND OWNERS FOR THE LAST FIVE YEARS.

IN RESPONSE TO THIS QUESTION, EAGLEBURGER ADVISED THAT GLOBAL MOTORS WAS AN AMERICAN CORPORATION WHOSE VAST MAJORITY OF STOCK HOLDERS WERE AMERICANS AND A SMALL PERCENTAGE NORWEGIAN. HE FURTHER ADVISED THAT GLOBAL MOTORS HAD ENTERED INTO A CHAPTER 11 BANKRUPTCY. IT WAS A DELAWARE CORPORATION, HEADQUARTERED IN NEW JERSEY.

AS STATED IN PREVIOUS PARAGRAPH, BALTIMORE IS REQUESTED AT DELAWARE TO OBTAIN THE ARTICLES OF INCORPORATION AND/OR OTHER DOCUMENTS WHICH WOULD INDICATE OFFICERS, DIRECTORS AND OWNERS FOR THE LAST FIVE YEARS. BALTIMORE SHOULD SUBMIT RESULTS OF THEIR

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INVESTIGATION TO FBIHQ, ATTN.

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PAGE THREE DE WM 0024 UNCLAS

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Memorandum

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From : DIRECTOR, FBI (161-4723)
(ATTN: [redacted] ROOM 4371)
ATTN: [redacted]
SAC, WMFO (161A-3940)

Date FEBRUARY 21, 1989

(RUC)

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Subject :

LAWRENCE SIDNEY EAGLEBURGER

SPIN

BUDED: 2/24/89

RE: Bureau Airtel dated 2/15/89;
Facsimile of Airtel dated 2/17/89;
And WMFO teletype to BA dated
2/17/89.

Enclosed for the Bureau are two copies of FD-302's
relating to interviews of the appointee.

Additionally, insert regarding Foreign Agents Registration
ONIT, DOJ, & FDIC Legal Division's opinion.

5- ENCLOSURE

161-4723-171

6 AUG 23 1990

1-FBIHQ (161-4723)
1-WMFO (161A-3940)

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WMFO 161A-3940
LLS:alp

DEPARTMENT OF JUSTICE
Foreign Agents Registration
1400 New York Avenue, N.W.
Washington, D.C.

On February 6, 1989, [] Legal Technician,
Foreign Agents Registration, advised Investigative Assistant (IA)
[] that no identifiable record could be located
regarding LAWRENCE SIDNEY EAGLEBURGER.

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WMFO 161A-3940
JJM:alp

Federal Deposit Insurance Corporation (FDIC)
550 17th Street, N.W.
Washington, D.C.

On February 17, 1989, [redacted] Senior Attorney, Director and Officer Liability, FDIC, Washington, D.C., advised SA [redacted], WMFO, FBI, of the following information concerning legal accountability of a bank officer when criminal or negligent acts are committed by employee(s) of the bank, even though the bank officer is not aware of the act until after the fact.

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[redacted] advised that a bank officer, despite his lack of knowledge concerning the criminal or negligent activity of another bank employee, could in fact be held accountable for the illegal activities of that employee. The key word and consideration given by the FDIC Legal Division would be "negligence" of the part of the Board. This "negligence" may stem from the Board's failing to follow through on the advice of external auditors that more prudent controls be instituted internally or the "negligence" of the Board to adequately ensure that the bank is protected from employees which may have criminal backgrounds. Without a "factual analysis" of the case, it would not be possible to provide a specific opinion in this case, but only to offer a general opinion. There are a hundred different ways that the Board member could be held negligent, and an equal hundred different ways that he could not be held negligent. The burden of proof would rest on showing negligence on the part of the Board member.

161-4773-171

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WMFO 161A-3940
JJM:alp

United States Department of State (DOS)
Personnel Security Office (SY)
2121 Virginia Avenue, N.W.
Washington, D.C.

On February 21, 1989, SA [redacted] WMFO, FBI,
Washington, D.C., contacted [redacted] SY, DOS, regarding
the appointee, LAWRENCE S. EAGLEBURGER.

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[redacted] provided the appointee's security file for
review for the determination of security related violations. The
following violations were determined and set forth as follows:

12/14/58	Unsecured Safe (secret)
9/10/62	Unsecured Cabinet (secret)
7/9/63	Unsecured Barlock (secret)
8/11/64	Confidential material on desk
10/15/64	Confidential material on desk
7/4/65	LOU material on desk

The above resulted in a "letter of reprimand."

In a report dated 7/14/69, it was noted that the
appointee had been cited for a security violation on 2/19/68 due
to an "unsecured (top secret) summary on desk." However, no
action was taken against appointee in as much as appointee was
found not to be liable for violation.

No additional pertinent or derogatory information was
found in the file.

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FEB 23 1989

BY COURIER

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Honorable C. Boyden Gray
Counsel to the President
The White House
Washington, D.C.

Dear Mr. Gray:

Reference is made to my letter to your office dated
February 17, 1989, concerning Ambassador Lawrence Sidney
Eagleburger.

Transmitted herewith is a copy of a summary memorandum
containing the results of additional inquiries in this matter.

The limited inquiry is complete.

Sincerely yours,

Fie/k

Floyd I. Clarke
Assistant Director
Criminal Investigative Division

Enclosure

NOTE: On February 14, 1989, the SPIN Unit received a letter with
enclosed questions from Senator Jesse Helms, Committee on Foreign
Relations, concerning Ambassador Eagleburger. A copy of that
letter was forwarded to the White House and, as a result, it was
requested that the SPIN Unit conduct a limited inquiry into certain
issues of concern to Senator Helms, specifically Ambassador Eagle-
burger's business and personal connections with Yugoslavian
nationals. The limited inquiry is complete.

161-412-172

6 AUG 23 1990

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FEB 23 1989

LAWRENCE SIDNEY EAGLEBURGER

The information in this summary memorandum supplements the information contained in a summary memorandum dated February 9, 1989 and contains the results of a limited inquiry concerning Ambassador Eagleburger.

Miscellaneous

Ambassador Eagleburger indicated on his Standard Form-86 dated January 16, 1989, that for approximately two and one-half years, until January, 1989, he was a member of the Board of Directors of the LSB Bank of New York, which is a member of Federal Deposit Insurance Corporation (FDIC) and wholly owned by a Yugoslav parent bank. Ambassador Eagleburger advised that one of LSB Bank's executives, a Yugoslav national, has been indicted on conspiracy charges for filing two inaccurate transaction reports.

He stated he played no role in the bank transaction in question, nor in any operation of the bank. Ambassador Eagleburger advised he has not been questioned nor does he anticipate so and he has been assured by counsel to LSB Bank that no wrongdoing has been imputed to him. He further noted that the criminal case referred to above is being handled by the United States District Court for the Eastern District of Pennsylvania, Philadelphia, Pennsylvania, and that he is not involved in any wrongdoing.

On February 16, 1989, Ambassador Eagleburger was interviewed by the FBI in connection with the limited inquiry concerning him. Subsequently, on February 17, 1989, he contacted the FBI to provide additional information. The results of those interviews are incorporated in this summary memorandum.

Agency Checks

Information has been received from the Office of Foreign Agents Registration, Department of Justice, Washington, D.C., indicating its files contain no record of Ambassador Eagleburger.

Records of the Personnel Security Office, Department of State, Washington, D.C., reflect that between December, 1958, and July, 1965, Ambassador Eagleburger received six security violations

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Director's Sec'y _____

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RETURN TO MS. [] ROOM 4371

ENCLOSURE

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MAIL ROOM ☐

Ambassador Lawrence Sydney Eagleburger

for improper storage of classified information. As a result, he received a letter of reprimand. In addition, the file reflects that on February 19, 1968, he was cited for leaving top secret information on his desk; however, no action was taken as Ambassador Eagleburger was not found liable for the violation.

Contacts with representatives of the United States Customs Service and the United States Attorney's (USA's) Office for the Eastern District of Pennsylvania revealed Ambassador Eagleburger has not been involved in any manner in the above-mentioned investigation. Furthermore, based on the facts of the case, Ambassador Eagleburger could not be held legally (criminally) accountable for any of the money laundering activity despite his being a director at the time. The representative of the USA's Office could not advise as to a director's civil liability nor could he advise as to whether or not Ambassador Eagleburger's name will surface during the course of the investigation.

A representative of the Office of Director and Officer Liability, FDIC, advised that a bank officer, despite his lack of knowledge concerning the criminal or negligent activity of another bank employee, could be held accountable for the illegal activities of that employee. The key word and consideration given by the FDIC Legal Division would be "negligence" on the part of the Board. This negligence may stem from the Board's failure to follow through on the advice of external auditors that more prudent controls be instituted internally, or possibly through negligence by the Board in not ensuring that the bank is protected from employees with past criminal records. Without specific facts of the above-mentioned criminal case, the FDIC representative could only state that there are numerous ways in which an officer could be held liable for the activities of other bank employees; however, the burden of proof would rest on showing negligence on the part of the Board member.

FEDERAL BUREAU OF INVESTIGATION
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No Duplication Fees are charged for Deleted Page Information Sheet(s).

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